



HOUSE BILL 1117: Conform Pledge of Joint Account Laws

2013-2014 General Assembly

Committee: Senate Judiciary I
Introduced by: Rep. Blust
Analysis of: First Edition

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SUMMARY: *House Bill 1117 would conform the laws governing the pledge of joint accounts in credit unions, savings and loan associations, and saving banks to the laws governing the pledge of joint accounts in banks.*

The bill is a recommendation of the General Statutes Commission.

[As introduced, this bill was identical to S746, as introduced by Sen. Hartsell, which is currently in Senate Judiciary I.]

CURRENT LAW: Under the statutes governing credit unions, savings and loan associations, and saving banks, a pledge of a joint account by a holder is a valid pledge and transfer of the joint account or the amount pledged and does not operate to sever or terminate the joint ownership of all or any part of the account unless there is an agreement that specifies otherwise.

BILL ANALYSIS: House Bill 1117 would conform the laws governing the pledge of joint accounts in credit unions, savings and loan associations, and saving banks to the laws governing the pledge of joint accounts in banks. In 2012, the General Assembly enacted the Banking Law Modernization Act and made changes to the statute on joint accounts that governed banks (G.S. 53C-6-6).

The changes in the banking statute clarify that, unless it is otherwise specifically agreed between the bank and all of the joint tenants in writing, a pledge of a joint account by any one or more of the joint tenants is (i) a valid pledge and transfer of the account or amount pledged; (ii) is binding on all of the joint tenants; (iii) does not operate to sever or terminate the joint ownership of all or any part of the account; and (iv) survives the death of any joint tenant.

House Bill 1117 would make these same changes to statutes governing credit unions (G.S. 54-109.58(d)), savings and loan associations (G.S. 54B-129(a)), and savings banks (G.S. 54C-165(a)).

EFFECTIVE DATE: House Bill 1117 would become effective when it becomes law and would apply to joint accounts created before, on, or after that date.

BACKGROUND: The bill is a recommendation of the General Statutes Commission.

**This summary was originally prepared by Drupti Chauhan, Staff Attorney*

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